

FAT Brands, a fast-growing global restaurant franchising company, recognizes that franchisee success requires scalable, secure point-of-sale systems that can support agile innovation while controlling costs.

How an Apple iPad-Based POS Platform Solves Security, Cost-Efficiency, and Flexibility Challenges for FAT Brands Global Franchisees

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Introduction

FAT Brands is the parent company of nine restaurant brands with more than 700 units around the world and a mix of concepts across multiple segments. The company's current brands are Fatburger, Johnny Rockets, Buffalo's Cafe, Buffalo's Express, Hurricane Grill & Wings, Elevation Burger, Yalla Mediterranean, and Ponderosa and Bonanza Steakhouses.

As a global franchising company, FAT Brands does not operate any corporate locations; all restaurants are run by franchisees. The company, which went public in 2017, has been growing rapidly as it continues to strategically acquire new brands and concepts to develop and bring to market.

The acquisition of Johnny Rockets, which was finalized in August 2020, was a \$25 million deal in which FAT Brands obtained the burger franchise from Sun Capital Partners, bringing its brand count to nine.

FAT Brands' cadence of acquisitions has been steady over the past several years, with one — or more — per year. The company acquired Elevation Burger in June 2019 and Yalla Mediterranean and Hurricane Grill & Wings in 2018. In 2017, FAT Brands closed the deal on Homestyle Dining LLC, the parent company of Bonanza and Ponderosa Steakhouses. In a 4Q20 earnings call, CEO Andy Wiederhorn stated that the company was aiming to complete as many as two to three acquisitions before the end of 2021.

Recognizing the goal of continuing to add brands to its family, and its strong presence in 29 countries around the world, FAT Brands knew it needed a scalable point-of-sale (POS) ecosystem that could support global growth and a diverse mix of concepts across segment types. The mix of concepts is about 80% fast casual and 20% full service, with some brands offering hybrid service options in environments such as cruise ships, malls,

SOLUTION SNAPSHOT

ORGANIZATION:

FAT Brands Inc.

ORGANIZATIONAL CHALLENGES:

- » Reducing operational cost of point of sale (POS) for franchisees without sacrificing features and functionality
- » Providing franchisees with integrated payments for EMV/chip and PIN and mobile payment capabilities

SOLUTION:

The Revel Enterprise all-in-one cloud POS system was deployed across 75 of FAT Brands' 700 units. The successful partnership is ongoing as all new locations will be brought onto Revel.

PROJECT DURATION:

FAT Brands began its journey with Revel Systems two years ago. In late 2020, the two companies entered into an agreement to make Revel Enterprise the POS solution for FAT Brands moving forward.

BENEFITS OF THE REVEL ENTERPRISE APPLE IPAD-BASED PLATFORM:

- » Reduced costs, increased features
- » Smaller onsite footprint with no servers
- » Ease of use and reduced onboarding time
- » Increased security

amusement parks, and standalone restaurants. The variety of restaurant types requires a POS solution with robust and flexible functionality to support multiple order entry methods and kitchen display system (KDS) integration, with the ruggedness needed for restaurant environments.

As a result, FAT Brands needed to partner with a solutions provider that could offer a full technology package to franchisees while controlling the overall development costs — all on Apple iPad hardware and the UX-friendly Apple iOS. FAT Brands wanted a POS provider that could offer the digital innovation and robust services its franchisees need to successfully run their businesses, without incurring additional expense. Revel became FAT Brands' POS provider of choice after demonstrating its willingness to address the specific needs of FAT Brands and its ability to help restaurant partners succeed with openness and ease of use.

Implementation

Challenges

Several years ago, during an impressive period of growth, the fully franchised company was facing increasing operational expenses related to the point of sale. Despite rising costs, FAT Brands was not seeing an equitable increase in features to validate the heavier financial burden on franchisees.

With security a top concern, one of the biggest issues FAT Brands wanted to address for franchisees was enabling integrated payments for EMV/chip and PIN as well as touch-to-pay capabilities with Apple Pay or Google Pay. This would require a full POS upgrade with the added costs of new chip hardware plus monthly service fees to maintain a portal for management of the devices. The expense and effort of such an undertaking put it out of scope for franchisees who, despite wanting the capabilities, could not justify the costs when they had a working system in place.

In addition, FAT Brands was struggling to get the level of enterprise reporting needed without having to pay extra fees for the service. This became particularly prohibitive as brands moved to integrations with third-party or integrator apps to facilitate online ordering or delivery services. Integrations were challenging, and extra fees were charged to access data or insights from those integrations.

Addressing the Challenges

The big change for FAT Brands with the Revel Systems partnership has been the ability to offer franchisees a POS system with a robust set of out-of-the box features. The Apple operating system and iPad form factor increase the ease of use, making the deployment of new features fast and easy for employees. Revel Enterprise provides FAT Brands with a standard system that has capabilities for quick service restaurants (QSRs), as well as fast casual and full-service restaurants, rather than requiring disparate solutions across brands to meet the unique demands of different service formats. Revel worked with FAT Brands to customize its solution. For example, Revel specifically fine-tuned its KDS, developing additional features after receiving feedback from FAT Brands that its earlier KDS required more advanced features to scale.

Beyond the standard components Revel offers, a major selling point for FAT Brands was the Revel Enterprise open API, which offers franchisees great flexibility to integrate the Revel POS with other vendor solutions. The POS platform offers a total view and real-time control of the enterprise including third-party integrations without extra hookup or development fees.

With the Apple iPad hardware that Revel utilizes, FAT Brands has seen an immediate improvement from a security standpoint by moving POS operations off legacy swipe terminals to Revel Systems. The positive implications are twofold:

- » **Speed.** Simplified transactions can be closed out swiftly by employees.
- » **Accuracy.** Payments are completely integrated, which eliminates security concerns and risks of mistakes and fraudulent transactions by employees.

The cloud-based Apple iOS on which Revel Enterprise is built also eliminates the need for back-of-house servers at FAT Brands' franchisee locations. This not only saves room for restaurants that often have limited footprints but also offers an added level of security as on-premises servers are a common point of security failures. Malware attacks on Apple iOS are infrequent because it is a closed system, which also makes it more difficult for hackers to take advantage of weaknesses on iOS devices. This contrasts with other operating systems that have announced periodic security challenges and need to be patched regularly to close the holes that hackers have found.

Benefits

After an evaluation of Revel Enterprise's feature set and scalability and a 90-day testing period, FAT Brands decided to roll out Revel Enterprise across 75 of its 700 units and make it the go-forward POS platform for any new restaurants. FAT Brands has realized numerous benefits since deploying the Revel POS platform but crystallizes them in the following ways:

- » Reduced costs, more features
- » Ease of use and user experience
- » Speed and scalability
- » Reliability

By moving franchisees to Revel Enterprise, FAT Brands was able to reduce costs related to hardware purchases and installation by 50% while gaining desired and imperative applications and functionality. A basic fast casual footprint costs a franchisee \$10,000 and includes two iPad "terminals," three kitchen display systems, and a remote printer. Operators can add a handheld device for about \$1,000, and depending on the configuration of a particular location, monthly fees are about \$250. With the prior system, franchisees were spending \$21,000 on hardware and installation plus \$600 a month for support, maintenance, and enterprise reports. FAT Brands was hyperfocused on being able to provide franchisees with a technology package that would deliver all the features they needed to run and analyze their businesses. Partnering with Revel provides all the necessary basic enterprise-level capabilities as well as the flexibility to add features without incurring additional fees.

When the decision was made to move franchisees to Revel Enterprise, the company was able to relatively easily build out training and a database to implement from there. Because of the enterprise capabilities of Revel, FAT Brands was able to put most of the heavy lift on Revel, without having to invest in or deploy internal resources for the rollout.

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— James Newell,
Director of Construction
and Purchasing,
FAT Brands Inc.

The iPad form factor and Apple operating system also contribute to ease of use for employees. Training employees on the devices is relatively simple because most employees are familiar with and comfortable using iPads. FAT Brands franchisees report being able to train employees on the devices and have them ringing up guests within an hour. Handheld units are similarly easy to use — and a protective case makes them quite rugged — while improving employee efficiency by enabling employees to serve customers and accept payment from anywhere.

Being able to update menus quickly and accurately is vital for restaurant operators, and FAT Brands found that Revel's cloud architecture made this process much easier. Franchisees can lay out menus internally to make them as effective as possible for employees. Updates can be made easily from one central location without having to go to each franchisee's menu. The system allows restaurant operators to group certain limited time offers (LTOs) and regional promotions without worrying that they will appear in the wrong location or on the wrong brand's site.

Another benefit of being cloud native is that the Revel platform enjoys up to 99.999% uptime. FAT Brands has not experienced issues with failure, but should one occur, the AWS hosting environment replicates data from the POS system in real time to ensure that recovery is swift and valuable data is restored quickly.

Business continuity can also be attributed to the iPad devices themselves. If legacy POS hardware breaks, it may take weeks to get replacements. FAT Brands explains that should a Revel device break within the first year, it is covered by Revel through Apple's warranty. Revel offers hardware maintenance service for subsequent years should a device break. Or franchisees can easily go to a local Apple store, buy a new iPad, and get it up and running within an hour.

A key to FAT Brands' consistent growth has been the company's ability to provide restaurants with reliable enterprise technology that enables franchisees to operate efficiently and drive revenue. Having a POS system that supports all areas of the business while delivering secure, flexible service is vital to continuing FAT Brands' global expansion. Equally important is having a partner that adapts its offering to meet the unique needs of diverse brands. "Revel is a partner, not just a vendor," says James Newell, Director of Construction and Purchasing at FAT Brands. "They proved from early in our relationship that they were willing to work with us to give us specific features that we needed. They are looking out for our best interests, identifying things to improve on before we do."

Methodology

The project and company information contained in this document was obtained from multiple sources, including information supplied by Revel Systems, questions posed by IDC directly to FAT Brands employees, and FAT Brands corporate documents.

About the Analyst



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Dorothy Creamer is Senior Research Analyst for IDC's Hospitality and Travel Digital Transformation Strategies, providing research and advisory services for hotels, casinos, restaurants, and travel organizations. Ms. Creamer's research focuses on how these business segments are transforming and leveraging technology to increase efficiencies, deliver operational benefits, and identify new revenue streams.

MESSAGE FROM THE SPONSOR

About Revel Systems

Revel's point of sale and business solutions provide a native cloud technology platform that is at the heart of our clients' businesses. The Revel platform helps restaurants and retailers deliver a better customer experience, diversify revenue streams, and scale their businesses with ease. The Revel Essentials™ solution, which has been deployed at thousands of customer locations, is designed for the needs of small chains. The Revel Enterprise® solution is tailored for large chains and leads the industry with a broad footprint of national, big brand customer implementations. Revel is committed to client success and strives to be a people-first business, leading with integrity and transparency. For more information, please visit <http://revelsystems.com> or call (415) 744-1433.

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